



Price submission summary

Central
Coast
Council

IPART's review of prices for
Central Coast Council's water, sewerage and
stormwater drainage services
from 1 July 2022

Council's IPART price submission

Central Coast Council's (Council) pricing proposal to the Independent Pricing and Regulatory Tribunal (IPART) for its water, sewerage and stormwater drainage services was lodged on 10 September 2021. The submission covers Council's forecast of future operating costs, capital investment and price proposals.

This document provides a brief overview of Council's proposed prices and an impact summary of what the changes will mean to non-residential and typical residential customers.

Background

Currently, customers on the Central Coast have the lowest bills for water and sewerage in New South Wales, as detailed in the National Performance Report 2019-20.

Council requires a justifiable increase in prudent and efficient expenditure to reverse severe, ongoing degradation of its sewage treatment plants, network and water treatment plants.

Without prudent and efficient operational expenditure in the next IPART determination period, Council risks the delivery of compliant and appropriate water, sewerage and stormwater drainage services to customers that aligns to the mandatory standards imposed by our regulators.

IPART significantly reduced Council's revenue for water, sewerage and stormwater drainage services in its 2019 Determination. These reductions are not financially sustainable while providing the required level of service to the community. Council's pricing proposal seeks to increase its revenue to allow the efficient long-term provision of water, sewerage and stormwater drainage services to the community.

Community consultation

In developing its pricing proposal, Council considered and included input provided through its community engagement program by over 1,600 Central Coast residents through surveys, focus groups and forums.

Overall, Council's IPART community engagement process identified key areas the community wants Council to focus on:

- Water quality and its reliability
- The environment
- A reduction in sewer overflows
- Maintenance of our water and sewer pipe network
- Being prompt in our response to incidents
- Keeping prices to a low and affordable level

Proposed pricing

- The proposal sees increases in prices for all services. Water bills for residential customers would increase by approximately 40%
- Sewerage bills for former Gosford would increase by approximately 14%
- Sewerage bills for former Wyong would increase by 22%
- Stormwater drainage bills would increase by approximately 64%

What is Council proposing?

Council's overall aim is to provide customers with consistent charges for the same water, sewerage and stormwater drainage services across the Coast – this is especially relevant to the sewerage service charge.

Currently, Council's water and stormwater drainage charges are aligned across both the local government areas, however the sewerage service charge is different, resulting in variances between the prices for residents and businesses in the two former local government areas (LGA).

In summary, Council is proposing the following:

- Water usage price is increased to \$2.25 per thousand litres (kL)
- Water service charge is increased to \$238.33 per year
- Residential stormwater drainage charge is increased to \$181.70 a year for a property
- Residential stormwater drainage charge is increased to \$136.27 for multi premises
- Residential sewerage service charge be increased to \$498.71 a year (includes a 75% discharge allowance)
- Sewerage usage charge is increased to \$0.93 per thousand litres (kL)
- Residential sewerage discharge volume is set at 125kL per year for houses
- Residential sewerage discharge volume be set at 80kL per year for apartments (multi premises)
- Exempt properties will continue to pay both water and sewer usage fees
- Exempt properties (land) for stormwater drainage the maximum price paid will continue to be zero
- Non-residential water service charges will be determined according to the size of the water meter
- Non-residential sewerage service charges will be determined according to the size of the meter
- Non-residential sewerage discharge volume will be based on water consumption with discharge factor applied
- Stormwater drainage charges for non-residential properties will remain on land size

Note: All prices quoted are in dollars for the year 2022-23 (\$2022-23)

Council is also proposing that:

- IPART determines Council's charges for a four-year period from 1 July 2022 - 30 June 2026
- IPART limit annual increases in final prices for the next determination period (2022-2026) to the rate of inflation only
- Retirement villages continue to be billed as non-residential

In addition, Council proposes to reintroduce stormwater quality management into the IPART Determination with an annual investment of \$3.2M per annum. At the time of the last Determination these services were funded by \$25 per annum Stormwater Levy under the Local Government Act. This Levy was stopped in 2016-17 and Council is now looking to simplify stormwater drainage management by consolidating all functions under the one Stormwater Drainage Charge.

How will this affect my bill?

Residential customers

Most residential customers will see their total water, sewerage and stormwater drainage bills increase after 1 July 2022.

The table below compares the current bill with the proposed 2022-26 bills for typical residential customers.

Table 1: Current and proposed typical residential bills (\$2022-23)

Assumptions 3 bed house 1x20mm meter Annual metered water usage of 150kL*	2013-2019 Previous Determination former Wyong LGA (\$2022-23)	2013-2019 Previous Determination former Gosford LGA (\$2022-23)	2019 Current Determination former Wyong LGA (\$2022-23)	2019 Current Determination former Gosford LGA (\$2022-23)	2022 Proposed Determination Central Coast Council LGA (\$2022-23)
Water service	176.30	211.15	89.47	89.47	238.33
Water usage (kL x usage charge)	364.50	364.50	322.87	322.87	337.50
Sewer service (includes usage @125kL x usage charge)	517.62	720.57	502.12	539.42	614.96
Stormwater drainage	137.35 ^l	133.25	110.70	110.70	181.70
TOTAL bill	\$1,195.77	\$1,429.47	\$1,025.16	\$1,062.46	\$1,372.49^f

*kL = kilolitre = thousand litres, sewer service charge for residential includes 75% discharge allowance. Stormwater drainage is shown for properties only not multi premise.

Non-residential customers

Non-residential customers will be affected in different ways depending on how much water they use, if they are connected to the sewerage network, the size of their property and whether they use trade waste services.

Non-residential customers across both former local government areas will see an increase in their water service charge, water usage charge, sewerage usage charge and stormwater drainage charge.

Trade waste customers will see a small change in charges, depending on the category they fall within.

A typical non-residential bill using both 25mm and 40mm meters is shown in Table 2 (does not include trade waste charges). For larger meter sizes refer to Table 3.

Table 2: Current and proposed typical bills (\$2022-23) 25mm and 40mm. Current prices are shown in (\$2022-23)

Charge description	Unit \$/KL	Former Wyong LGA	Former Gosford LGA	Unit \$/KL	Proposed Central Coast LGA
25mm					
Water service charge	-	139.79	139.79	-	372.39
Water usage (assumes 300KL)	2.15	645.00	645.00	2.25	675.00
Sewer service charge		690.34	888.92		1,038.98
Sewerage usage charge (assumes 280KL 93% discharge factor on water consumption)	0.90	252.00	252.00	0.93	260.40
Total	-	1,727.13	1,925.71	-	2,346.77
40mm					
Water service charge	-	357.87	357.87	-	953.33
Water usage (assumes 300KL)	2.15	645.00	645.00	2.25	675.00
Sewer service charge	-	1,767.28	2,275.63	-	2,659.79
Sewerage usage charge (assumes 280KL 93% discharge factor on water consumption)	0.90	252.00	252.00	0.93	260.40
Total	-	3,022.15	3,530.50	-	4,548.52

The proposed pricing for non-residential customers is provided in Table 3. Note this pricing is indicative only as each business varies in its water and sewerage usage.

Table 3: Proposed charges (\$2022-23) Current prices also shown here in \$2022-23

Charge description	Unit	Former Wyong LGA	Former Gosford LGA	Proposed Central Coast LGA
		[current] ^b	[current] ^b	
Water				
Usage				
Residential and non-residential	\$/kL	2.15	2.15	2.25
150KL Residential water usage (assumed usage only) ^h		322.50	322.50	337.50
300KL Non-residential water usage (assumed usage only) ^h		645.00	645.00	675.00
Service				
Residential				
Houses, flats and units	\$/dwelling	89.47	89.47	238.33
Non-Residential				
20mm	\$/meter	89.47	89.47	238.33
25mm	\$/meter	139.79	139.79	372.39
40mm	\$/meter	357.87	357.87	953.33
50mm	\$/meter	559.18	559.18	1,489.58
80mm	\$/meter	1,431.52	1,431.52	3,813.32
Other (meters great than 80 not shown above)	\$/20mm equiv ^c			
Sewerage				
Usage				
Non-residential charge^d	\$/kL	0.90	0.90	0.93
280kL sewerage usage (assumed usage only) ^g		252.00	252.00	260.40
Service				
Residential				
Houses, flats and units	\$/dwelling	389.37	426.67	498.71^e
Non-residential				
20mm	\$/meter	519.16	568.90	664.94
25mm	\$/meter	690.34	888.92	1,038.98
40mm	\$/meter	1,767.28	2,275.63	2,659.79

Charge description	Unit	Former Wyong LGA	Former Gosford LGA	Proposed Central Coast LGA
50mm	\$/meter	2,761.38	3,555.68	4,155.92
80mm	\$/meter	7,069.14	9,102.55	10,639.17
Other (meters greater than 80mm not shown above)	\$/20mm equiv ^c		See note c below	
Stormwater drainage				
Residential properties				
Houses	\$/dwelling	110.70	110.70	181.70
Strata/flat/multi premise	\$/dwelling	83.02	83.02	136.27
Non-residential properties				
Low impact	\$/dwelling	110.70	110.70	181.70
Small (<1,000m ²)	\$/dwelling	110.70	110.70	181.70
Medium (1,001 - 10,000m ²)	\$/dwelling	193.73	193.73	317.97
Large (10,001 - 45,000m ²)	\$/dwelling	913.29	913.29	1,499.03
Very Large (>45,000m ²)	\$/dwelling	2,767.59	2,767.59	4,542.54
Trade waste				
Annual fee				
Category 1	\$/occupancy	102.26	102.26	143.95
Category 2	\$/occupancy	371.16	371.16	448.18
Category 3	\$/occupancy	1,434.69	1,434.69	1,682.31
Category S	\$/occupancy	161.80	161.80	210.29

Notes:

- The amounts shown in the table are in \$2022.23 terms and are proposed to change in line with actual inflation in future years.
- Current prices are shown in \$2022-23 using a CPI of 2.5% estimates provided for comparative purposes only. Current prices published on Council's websites.
- This is the charge for a 20mm meter equivalent. Customers with larger meters will pay a multiple of this charge depending on the size of the water meter. Charges for larger meters can be calculated as the charge shown in the table multiplied by (meter size)²/ 400. A full list of meter sizes and proposed charges are available in Council's submission.
- In the current 2019-22 determination, the deemed sewer usage for residential properties is 125kL-(\$112.50) in addition to the service charge shown above for houses and 80kL (\$72) for apartments. Non-residential discharge is based on water consumed with a discharge factor.
- Residential sewer service charges are shown above with a 75% discharge factor. This is what currently occurs and is proposed for the 2022-26 regulatory period.
- Total bill is based on 125kL sewerage usage * .93 usage charge = \$116.25
- Non-residential sewerage usage of 280kL shown above is indicative of an average bill. Sewerage usage varies depending on the type of business and water consumption.
- Non-residential and residential water usage of 300kL and 150kL shown above is indicative of an average bill. Water usage varies depending on the type of business and water consumption. The figure shown needs to be added to the service charge.
- The previous 2013-2019 Determination former Wyong LGA, the quoted charge does not include a \$25 stormwater levy that was charged under the Local Government Act up until 2016-17.

Additional activities proposed

Council is proposing an allocation of this money to deliver an accelerated program of upgrades to the water, sewerage and stormwater drainage networks throughout the Coast, including:

- The upgrade of Mardi Water Treatment Plant (MWTP), securing the original design 160ML/day plant capacity to Australian Drinking Water Guidelines. The investment is \$32M.
- Ensuring changes to Gosford CBD in both the long and short term are factored into a strategy that addresses performance requirements for minimum pressure, reservoir storage and mains velocity for the network under Peak Day Demand Conditions. The investment is \$5.3M.
- Water main renewals. The annual investment for priority and programmed water main renewals is \$5M per year.
- Sewer Treatment Plant major upgrade in Charmhaven. The investment is \$14M
- Sewer Treatment Plant upgrade in Bateau Bay. The investment is \$7.8M
- Gwandalan Sewer Treatment Plant Capacity upgrade. The investment is \$13.3M

What happens next?

IPART is now preparing to set prices for water supply, sewerage services and stormwater drainage on the Central Coast.

In assessing Council's pricing proposal, IPART will consider the efficient cost of providing water, sewerage and stormwater drainage services.

Council's pricing proposal will be placed on IPART's website. They will then release an Issues Paper in September 2021, highlighting any of their key issues. They will be accepting submissions from the public and other stakeholders on the pricing proposal and their Issues Paper until late-October 2021.

IPART will then hold a public hearing in November 2021, providing the community with another chance to have their views heard. These locations and times will be advertised in local newspapers, on IPART's website and via Council's communication channels.

IPART will then release a draft Report and Determination in March 2022 detailing prices. The community then have further opportunity to respond to the draft reports by making submissions to IPART.

In May 2022, IPART will release their Final Report and Determination on prices that come into effect on 1 July 2022

For information on Council's current water, sewerage and stormwater drainage prices and how and where these charges are applied please visit centralcoast.nsw.gov.au

Remember, the prices IPART ultimately sets may be different to those proposed in Council's submission.

How can I have my say?

Information on how you can provide comments to IPART on these prices and any other aspect of Council's submission can be found at: www.ipart.nsw.gov.au/Home/Reviews/Have-Your-Say

IPART have invited stakeholder and public comment until late October 2021.

For information on further opportunities to have your say in the IPART process and provide a submission visit:

www.ipart.nsw.gov.au/Home/Industries/Water/Reviews/Metro-Pricing/Prices-for-Central-Coast-Council-from-1-July-2022

IPART can be contacted on (02) 9290 8400.

Details of the public hearing including location and times,

will be advertised on IPART's website.